

City of Scottsdale, AZ

Community Development Block Grant

Annual Action Plan for Fiscal Year 2002-2003

Executive Summary

CITIZENS' SUMMARY

Scottsdale, Arizona, a growing city in the Phoenix-Mesa metropolitan area, had an estimated population of 212,790 at the end of the 4th quarter 2001. Scottsdale is located east of Phoenix, north of the neighboring city of Tempe.

Action Plan

The Annual Action Plan for Fiscal Year 2002-2003, July 1, 2002 through June 30, 2003, (FY 2002) identifies Scottsdale's housing and community development needs and those priorities that will be funded through the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program. For the third year of the Five-Year Consolidated Plan, Scottsdale will receive \$1,143,000 in CDBG funds, plus reprogrammed funds in the amount of \$47,902.82, for a total of \$1,190,902.82 that will be used to fund public services, public facilities, and housing rehabilitation projects, as well as administration of the grant.

Through the HOME Investment Partnerships Program (HOME) allocation from the Maricopa HOME Consortium, Scottsdale will receive \$301,588, plus reprogrammed funds in the amount of \$622, for a total of \$302,210 that will be used to fund acquisition and rehabilitation of at least eight units of rental housing, and grant administration. General Funds in the amount of \$100,000 are budgeted and will be added to the subrecipients' total HOME allocation. Complete information about the housing conditions and needs of Scottsdale has been submitted to HUD in the Maricopa HOME Consortium Consolidated Plan. HOME Consortium member jurisdictions include the cities of Scottsdale, Chandler, Gilbert, Glendale, Mesa, Peoria, and Tempe, as well as Maricopa County.

Citizen Participation

Public participation in the development of this Annual Action Plan included three public hearings that solicited input on housing, homelessness, and community development needs. The hearings were held February 4, 2002 at the Via Linda Senior Center; February 7, 2002 at the City Hall Kiva; and February 12, 2002 at the Indian School Park Sports and Tennis Complex Visitor's Center. During April and May there was a 30-day comment period and the Annual Action Plan was available for review at Scottsdale's public libraries and citizen service centers. To involve citizens and service providers in the development of the Annual Action Plan, public hearings and public meetings are held each year before the Human Services Commission, the Housing Board, and the City Council.

COMMUNITY PROFILE

Maricopa County, including Scottsdale, after a period of sustained economic and employment growth, is experiencing an economic downturn exacerbated by the events of September 11th. Because interest rates are low, single-family residential building permits are still being issued at high levels. Over the past five years, building permits have been issued for large numbers of multi-family housing units, mostly for middle and high-income occupancy. However, multi-family land has been completely built-out in Scottsdale, and the remaining vacant parcels are mostly low-density single-family or commercial in nature.

HOUSING AND COMMUNITY DEVELOPMENT NEED

Conditions

Scottsdale officials have worked to create a well-planned city that offers a balance of housing and employment opportunities. In 1999 the Community Assistance Office staff, in partnership with the Scottsdale Housing Board, developed a needs assessment and market analysis to better understand the affordable housing needs among Scottsdale's low and moderate-income households. This needs assessment was followed up by the development of an affordable housing mission, a list of guiding principles, and the creation of goals and objectives for addressing the new development and preservation needs outlined in the report.

This document, "*A Strategy for the Creation and Preservation of High Quality, Safe and Affordable Housing*", is available on the Internet at www.ci.scottsdale.az.us/neighborhoods. This strategy report has guided Scottsdale in the development of this one-year action plan.

Housing Needs

Preservation of currently affordable housing is the most imminent housing need in Scottsdale; while the long-term goal is to increase the supply of housing that is affordable to those of low and moderate incomes. Rehabilitation of the existing stock of affordable housing is also needed.

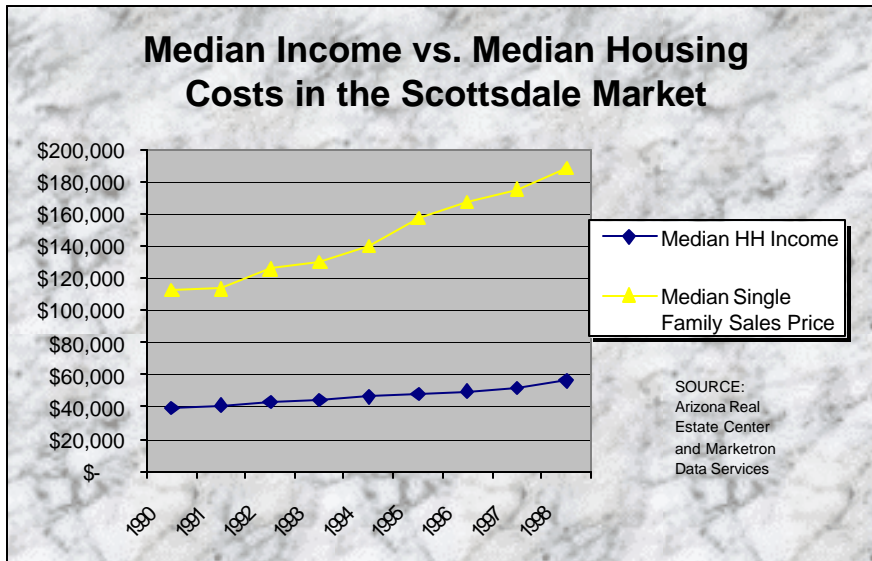
Market Conditions

In general, the Scottsdale housing market reflects high residential property values. Although residential single-family permits have been issued at high levels, multi-family market conditions have resulted in escalating rental rates. Virtually all of the multi-family permit activity in Scottsdale has been for middle and high-income individuals and families. The rapid rise of home values and apartment rental rates is affecting housing availability for lower income persons who need assistance. According to a survey taken in December of 1999 of market-rate rental communities in Scottsdale, the average market rent for a one-bedroom apartment was over \$677, with a two-bedroom unit costing over \$805 per month. The following table illustrates the market rates found in the December 1999 survey.

Avg. Scottsdale Market Rents

Studio	\$528.57
1 BR Unit	\$677.20
2 BR Unit	\$805.16
3 BR Unit	\$1,099.80

Despite the fact that actual construction costs are relatively equal throughout the Salt River Valley, housing costs more in Scottsdale than in surrounding areas. The 1990 census reported that the average value of an owner-occupied unit in Maricopa County was \$103,487. In Scottsdale the average value was \$148,358, which was



30 percent higher than the surrounding county. The large size and high quality of housing being constructed in Scottsdale plays a large part in the higher cost of housing, but the primary reason for this difference is found in the extremely high land costs. Additionally, incomes in Scottsdale, while higher than most other parts of the Phoenix area, are not coming close to keeping pace with local housing costs. In 1998, the estimated median income in Scottsdale was

\$56,000. To afford the 1998 median priced home in Scottsdale of \$188,000¹, a household would need to gross approximately \$75,200 annually². This is 30% higher than Scottsdale's median income. This disparity continues to grow.

Affordable Housing Needs

In FY 2002, a draft statewide study of the supply of affordable housing has estimated that there is a shortfall of 11,000 units in Scottsdale for people with incomes below 40% of the area median. Currently the federal, state, local, and private housing resources have assisted only a limited number of these households in need. Actions to be taken to address affordable housing needs in Scottsdale for FY 2002 will include:

- \$776,853 in CDBG funds for single family housing rehabilitation to assist approximately 81 households.
- \$283,323 in HOME funds, plus \$100,000 in local General Funds, for the acquisition and rehabilitation of at least 8 units of affordable rental housing.

Homeless Needs

¹ Based on all home sales recorded in Scottsdale in 1998, including single-family homes, townhomes and condominium units. Data was collected by Marketron Data Services and furnished by the Arizona Real Estate Center at Arizona State University.

² Based on 2.5 times gross household income per annum.

An estimated 9,600 homeless persons presently reside in Maricopa County on any given night, and these individuals require emergency, transitional, and permanent housing facilities, as well as numerous social services. The Scottsdale Community Assistance office is actively participating in the Maricopa County-wide regional Continuum of Care to assist in identifying these needs on a regional basis, to review proposals from homeless service providers, and to prioritize these proposals across all of Maricopa County. A Scottsdale Council member and the director of the Human Services division participate in the Maricopa Association of Government's task force to allocate continuum of care funding. Other actions to be taken to address homeless needs in Scottsdale for FY 2002 will include:

- \$24,000 in CDBG funds and \$12,000 in General Funds to support a Scottsdale domestic violence shelter.
- \$5,000 in Scottsdale Cares funds to support a child crisis shelter.
- \$14,000 in CDBG funds, \$5,000 in Scottsdale Cares funds, and \$101,000 in General Funds to support regional emergency shelter services.
- \$34,000 in CDBG funds to support transitional housing programs.
- \$10,000 in CDBG funds to support CONTACS, the regional shelter information and referral helpline, and \$5,000 in Scottsdale Cares funds for the information and referral helpline.

Public and Assisted Housing Needs

Approximately 308 units of project-based Section 8 and Section 202/811 housing are available in Scottsdale. Over 224 of these units are insured under the 221(d)(4) and Section 236 programs and are subject to pre-payment by the owners. These units also carry Section 8 contracts, which had expiration dates ranging from June 30, 1999 to March 2, 2002, between the property owners and HUD. Property owners currently have the option to renew these contracts in one-year increments; however, most of the owners have not renewed due to the extremely high rental housing market in Scottsdale. Because rents in most of these units are well below fair market rent, the Mark-to-Market program does not offer any solutions in preserving the affordability of these units. No other significant financial resources are available for Scottsdale to pursue acquisition of these units through private and/or non-profit partnerships. This year, two properties with 103 units will convert from project-based to tenant-based Section 8. One of these properties, with 35 units, has exercised their option to renew their contract for one year and will have until March 2003 before they can opt-out again. There are few affordable alternatives for residents who wish to remain in Scottsdale, even with a voucher in hand. Therefore, preservation of affordability for these units is top priority where financially feasible.

Scottsdale also administers a tenant-based Section 8 Rental Assistance program. A survey conducted by the Maricopa HOME Consortium found significant waiting lists for this form of Section 8 and other rental assistance programs. Applicants on these lists often wait for more than a year. Scottsdale can assist a maximum of 607 families. There are currently over 300 people on the waiting list in Scottsdale. In November 2001, the waiting list was opened for the third time in five years and accepted 343 applications in a period of five hours.

Barriers to Affordable Housing

Government policies, regulations, and procedures can impede the development of affordable housing by increased costs associated with financing, construction, and code compliance. Even a one-point drop in the cost of borrowing can reduce the cost of housing by 10 percent.

Scottsdale's zoning and approval process also increases the cost of housing. To ease problems associated with the development of affordable housing, the City of Scottsdale is exploring recommendations presented in a study conducted by the Scottsdale Housing Board. The 2001 *Analysis of Impediments to Fair Housing Choice* further supports this study. This update is available for review. On July 6, 1999, an Affordable Housing Strategy was adopted by the City Council. The City revised its General Plan and it was ratified March 12, 2002. This revision includes a Housing Element that sets policy related to affordable housing as a component of the overall Housing Plan. Scottsdale funded the implementation of a Future Search Conference on Housing Issues that was held May 10 through 12, 2001, at Scottsdale Community College. This Future Search Conference has focused considerable private energy on the housing issue, and working groups are meeting regularly to identify and implement solutions.

Scottsdale has completed an analysis of fair housing practices as approved by HUD's Fair Housing and Equal Opportunity Office. Since 1993 a staff member has been assigned to serve as the direct contact for citizens when seeking information on fair housing. To ensure fair housing, the City of Scottsdale took control of the Section 8 Existing Housing program in its jurisdiction.

Fair housing outreach, including direct conciliation of complaints, now provided through the City of Scottsdale's Citizen and Neighborhood Resources Office, has been continuous.

Lead-Based Paint

From identification and study of risk areas, and the low and moderate income populations that reside in them, the at-risk population of lead based hazard is 0% of the total low and moderate income population in the City of Scottsdale. During the seven years of site testing through CDBG-funded housing rehabilitation programs, there have been no cases of lead poisoning or elevated blood-lead levels to report. Current controls are in place for prevention of lead based hazard. The City of Scottsdale currently complies with applicable regulations for CDBG, HOME, and Section 8 assisted units.

Other Issues: Special Needs Population

The frail elderly, persons with disabilities, persons with HIV/AIDS, migrant and seasonal farmworkers, and persons with serious mental illness, represent the special population that needs supportive housing facilities and services. In general, the facilities and services currently available are not adequate. Actions to be taken to address these needs for FY 2002 include:

- \$26,000 in CDBG funds and \$10,000 in Scottsdale Cares funds to Scottsdale Foundation for the Handicapped for job skills training and employment services to the disabled.
- \$7,500 in Scottsdale Cares funds to AIDS Project Arizona for its Family Care Services programs.
- \$39,000 in CDBG funds and \$20,000 in Scottsdale Cares funds for senior congregate meals and home delivered meals programs.
- \$12,450 in CDBG funds for a senior peer counseling program.
- \$10,000 in Scottsdale Cares funds to support the regional Area Agency on Aging in providing information on and assistance with insurance benefits to seniors, the disabled, and caregivers.

Community Development Needs

Scottsdale's non-housing community development needs were determined using estimates from the Capital Improvement Plan, General Plan, and Redevelopment Plan; as well as from the staff of the Community Assistance Office, Human Services division, Citizen and Neighborhood Services and the Planning departments. Identified needs include:

- Public facilities -- neighborhood facilities and improvements that provide access to public buildings and facilities for persons with disabilities.
- Infrastructure -- street improvements.
- Public services -- elderly and youth services; services for persons with disabilities; transportation services; substance abuse, employment training, and crime awareness programs; fair housing and tenant-landlord counseling activities; and child-care and health services.
- Economic development -- rehabilitation and infrastructure improvements to commercial and industrial neighborhoods.
- Other needs -- energy efficiency improvements, code enforcement, and planning.

HOUSING AND COMMUNITY DEVELOPMENT STRATEGY

Housing Priorities

Under the Maricopa HOME Consortium, affordable housing priorities have been determined on a regional basis. Providing affordable housing and services to low and moderate income residents in Scottsdale is a continuing priority. Housing needs and priorities are described more fully in the Maricopa HOME Consortium Consolidated Plan. Scottsdale also developed its first *Strategy for the Creation and Preservation of High Quality, Safe and Affordable Housing*, which was a needs assessment and housing strategy commissioned by the Scottsdale Housing Board, separate from all HUD-related Consolidated Plan reporting requirements. This strategy has been incorporated into Scottsdale's Consolidated Plan. The Strategy is available on the Internet at www.ci.scottsdale.az.us/neighborhoods. Scottsdale has also updated the Agency Plan for the Section 8 Rental Assistance Program. This plan is consistent with the Consolidated Plan.

Scottsdale addresses its affordable and supportive housing needs by providing Section 8 rental assistance, undertaking aggressive housing rehabilitation combined with neighborhood revitalization efforts, and supporting non-profit corporations in the creation of additional affordable housing units. Preservation of the existing stock of affordable housing is currently taking place in three areas: through maintenance and rehabilitation of owner-occupied housing; in the transformation and re-structuring of rental housing with expiring Section 8 mortgage subsidies; and through acquisition and rehabilitation of small rental complexes. These issues and the issue of increasing the existing supply have been analyzed in the strategy report mentioned above.

Scottsdale is currently seeking input on reuse of a closed grocery store site. There is some community support for senior housing on that site.

Non-Housing Community Development Priorities

Scottsdale's five-year priorities include committing CDBG resources to needed public services for lower income applicants living inside the city limits; and for a proportional share of special needs facilities outside Scottsdale; and to committing resources to public facility projects that clearly and directly benefit eligible low and moderate-income households.

Scottsdale plans to invest a maximum of 15 percent of its annual CDBG allocation in priority service needs, including a continuum of care for the homeless through partnerships with other cities for regional services.

Long-term objectives necessary for neighborhood revitalization include investments in mature parts of Scottsdale. A short-term objective is to offer technical assistance to organizations seeking resources necessary for the revitalization of particular neighborhoods.

Anti-Poverty Strategy

Scottsdale's strategy to reduce the number of households living below the poverty level includes:

- Expanding and integrating supportive services with housing services for households at or below the poverty level.
- Promoting economic development efforts, such as job creation, job preparation training, expanded job opportunities, and family self-sufficiency.
- Providing direct services in job readiness and family self-sufficiency.

Housing and Community Development Resources

The resources to implement the Annual Action Plan include the \$1.4 million in CDBG and HOME funds that will be received this fiscal year, and \$287,000 from the General Fund. The City of Scottsdale anticipates that similar levels of HUD support for community development and housing activities will be available. It also plans to use assistance from various federal, state, city, and private sources. The new Citizen and Neighborhood Resources Department is among the most prominent program changes in the 2001-02 budget. The department is at the center of city efforts to preserve and enhance the health, character, integrity and vitality of Scottsdale neighborhoods, a key goal set by the City Council in the fall of 2000. The new department combines neighborhood functions spread throughout the organization, including residential code enforcement, housing rehabilitation programs, neighborhood services, safety programs, and planning. A new "call center" will be developed over the next year to give citizens a central resource to contact for city services and information.

Coordination of the Strategic Plan

Scottsdale's Community Assistance Office will serve as the lead agency for coordinating and implementing the Annual Action Plan, and for monitoring the activities of subrecipients receiving funds from the CDBG and HOME programs.

HOME program activities are funded through the Maricopa HOME Consortium. Scottsdale participates in the Consortium under the terms of an intergovernmental agreement among the County and other cities in the Phoenix vicinity.

ONE-YEAR ACTION PLAN

Description of Key Projects

For the 2002-2003 program year (July 1, 2002 through June 30, 2003), Scottsdale will use its CDBG and HOME funds for activities that address specific housing, community development, public services needs, and grant administration.

Scottsdale's allocations for housing include CDBG funds in the following amounts:

- \$601,853 for housing rehabilitation assistance for low and moderate-income owner occupants.
- \$175,000 for emergency housing repair assistance for low and moderate-income owner occupants.
- \$14,000 for public facilities assistance to a Homeless Family Shelter.

Scottsdale's allocations for nine public service activities include, but are not limited to:

- \$10,000 to Big Brothers Big Sisters for its Scottsdale Mentoring program.
- \$16,000 to Boys and Girls Clubs of Scottsdale for its Operation Outreach program.
- \$24,000 to Chrysalis Shelter for Victims of Domestic Violence.
- \$10,000 to Community Information and Referral for the Community Network for Accessing Shelter (CONTACS) Hotline.
- \$19,000 to Homeward Bound for transitional housing case management services.
- \$15,000 to Save the Family for transitional case management services for homeless families with children.
- \$26,000 to Scottsdale Foundation for the Handicapped for employment services.
- \$39,000 to Tempe Community Action Agency for the senior congregate meals program.
- \$12,450 to Tempe Community Action Agency for the Senior Peer Counseling program.

Scottsdale's allocation for planning and administration:

- \$228,600 to the City of Scottsdale Community Assistance Office for administrative costs.

Scottsdale's allocations for HOME funds include:

- \$283,323 for acquisition and rehab of rental housing units, plus \$100,000 from the General Fund.
- \$18,849 for administrative costs.

Housing Goals

Housing activities included in this year's Action Plan propose to rehabilitate and repair 81 housing units, and provide funds to a homeless family shelter for a door replacement project that will benefit 12 families. HOME funds will be used to acquire and rehabilitate at least 8 rental units.

A contract to provide counseling and down payment assistance to low and moderate income home buyers will be extended for a second year.

Non-Housing Goals

Other planned activities will benefit over 13,000 individuals, plus 24 households through assistance in public services.

SECTION 3.0 - City of Scottsdale FY 2002-2003 Annual Action Plan

3.1 Application for Federal Assistance

Included in the Appendix is the executed *Application for Federal Assistance* for the City of Scottsdale Community Development Block Grant (CDBG) program for Fiscal Year 2002-2003.

3.2 Housing and Community Development Resources

The City of Scottsdale will utilize any of the following resources available during implementation of the One-Year Action Plan for FY 2002-2003 (July 1, 2002 through June 30, 2003). Note that these and other potential resources are also described in detail in the Maricopa HOME Consortium Consolidated Plan. Leveraging of the funds noted below is accomplished by partnering with non-profit agencies, for-profit developers, and utilizing lenders who may reduce fees as part of their Community Reinvestment Act obligations.

Federal Affordable Housing Resources

HOME Program

FHA Home Mortgage Insurance Program for Rehabilitation (Section 203K)

Home Equity Conversion Mortgage

FNMA Programs

Community Home Buyer's Program

Lease-Purchase Mortgage Program

Home Keeper

Federal Home Loan Bank of San Francisco

Low Income Housing Tax Credit

Section 8 Vouchers

Private Resources

Arizona Bar Foundation, Affordable Housing

Resources available through Arizona Lending Institutions and the Community Reinvestment Act

Foundations

Non-Profits

Other Resources

State Housing Trust Fund

City of Scottsdale General Funds

Scottsdale Cares (city collection of donations through utility billing)

Affordable Housing Bonds

The CDBG program will focus attention on the preservation of older neighborhoods through improvement of deteriorating housing conditions for low and moderate-income families and bringing the structures these families occupy into compliance with Section 8 Housing Quality Standards and local property rehabilitation standards. This goal is supported by the City's Housing Rehabilitation program, and the Emergency Housing Repair program provided by a non-profit agency. Scottsdale also continues to support social service agencies whose target populations are low and moderate income families/persons residing within the Scottsdale community.

3.3 Short Term (FY 2002) Affordable Housing/Homeless/Supportive and Non-Housing Community Development Strategies

The projects selected for funding directly reflect the needs and strategies identified in the City of Scottsdale's 2000 Consolidated Plan. To implement the City's affordable housing, supportive housing, and community development objectives in FY 2002, the following efforts and projects will be undertaken utilizing CDBG funding. Note that the number of persons or households to be served represents proposed numbers and are subject to change. The proposed numbers were derived from agency proposals and performance measures.

Two projects will be funded for Housing Rehabilitation:

- The City of Scottsdale Citizen and Neighborhood Resources department will provide housing rehabilitation for 22 low/moderate income single-family homeowners of Scottsdale in the amount of \$601,853.
- The Emergency Repair program, operated by the Foundation for Senior Living's FSAL Programs, will provide services for 59 low/moderate income homeowners of Scottsdale in the amount of \$175,000.

One project will be funded for Housing Services:

- Central Arizona Shelter Services, Inc. (\$14,000) will replace 31 doors, frames, lever locksets, and door closures at the agency's homeless family shelter. It is proposed that 12 homeless families with children who have lived in Scottsdale will be assisted.

A variety of Public Services will be funded for eligible target groups, including:

Big Brothers Big Sisters of Central Arizona (\$10,000) will provide a mentoring program to 20 youth aged 6-15 citywide.

Boys and Girls Clubs of Scottsdale (\$16,000) will provide after school and summer academic assistance programs, with the focus on education in the English language, and other activities that provide cultural enrichment and social and recreational opportunities, to 500 youth.

Chrysalis Shelter for Victims of Domestic Violence (\$24,000) will provide shelter and counseling services to 200 single women and women with children.

Community Information and Referral (\$10,000) will provide a CONTACS Hotline for 1500 victims of domestic violence and homeless individuals and families to call one central number to determine bed availability at 77 shelters in Maricopa County.

Homeward Bound (\$19,000) will provide case management and support services to 15 homeless, impending homeless, and domestic violence families with children in the agency's transitional housing in Scottsdale.

Save the Family Foundation of Arizona (\$15,000) will provide case management and support services to 5 homeless families with children in the agency's transitional housing in Scottsdale or other Valley locations.

Scottsdale Foundation for the Handicapped (\$26,000) will provide supported employment services, job development, placement, and coaching services to 26 adults with disabilities.

Tempe Community Action Agency, Inc. - Scottsdale Senior Action Nutrition Program (\$39,000) will provide congregate meals, socialization activities, health programs, and community resources for 200 elderly Scottsdale residents at the Civic Center Senior Center and at Vista del Camino.

Tempe Community Action Agency, Inc. - Senior Peer Counseling – (\$12,450) will provide one-on-one counseling and group problem-solving support for 77 elderly and disabled Scottsdale residents.

HOME and other federal and city resources are being proposed to assist the following project in FY 2002:

- **Community Services of Arizona** (\$283,323 plus \$100,000 from the General Fund) will acquire and rehabilitate at least eight units of rental housing.

3.4 Geographic Distribution

Most projects funded in FY 2002 are not targeted to a specific geographic location, but will be carried out citywide. Beneficiaries of the projects funded will be primarily low-income persons and households.

In the course of executing the FY 2002 CDBG program, the City of Scottsdale will assist low and moderate-income persons through its Housing Rehabilitation programs community wide. In addition, the City will support a wide variety of non-profit providers rendering needed public services inside and outside the boundaries. The City of Scottsdale does not appear to have any census tracts within its boundaries that meet the state definition for concentration of minorities.

3.5 Lead Agencies

The City of Scottsdale's Community Assistance Office administers the CDBG, HOME, and Section 8 programs. The City's organizational structure is such that the Community Assistance Manager reports directly to the Human Services Director. Human Services is a division of the Community Services department. The Community Assistance Manager can be reached at (480) 312-7647.

3.6 Other Actions

Affirmatively Furthering Fair Housing

Part of the City of Scottsdale's commitment made to the HUD Fair Housing and Equal Opportunity (FHEO) area office was that it would implement a plan to directly administer its own Section 8 Existing Rental Assistance program. Scottsdale brought the housing agency into the City system on June 30, 1992. The update to the administrative plan has been completed. The City has implemented the 504 Accessibility Compliance activities as described in the Transition Plan. This plan has been reviewed and accepted by the area FHEO compliance office. The Transition Plan is currently being updated to include all city-owned facilities.

In the City of Scottsdale's CDBG rehabilitation program, minority and women-owned business enterprises are notified that a project will be going out to bid. The City's process is to contact the minority and women-owned contractors on a list of bidders and notify them of the pre-bid walk-through. Since the implementation of this process, a minority or women-owned business enterprise has had the opportunity to compete on every project undertaken.

The City of Scottsdale recognizes the importance of fair housing for its residents and continues its efforts to ensure that fair housing practices are employed throughout its jurisdiction.

Scottsdale invests in the human and natural resources of the community by empowering its members with the information and facts they need to improve their community through Fair Housing planning. To achieve this goal, information is provided to individuals to promote community involvement in Fair Housing issues.

All programs and services administered by the Community Assistance Office, including Housing Rehabilitation and Emergency Housing Repair, Section 8 Rental Assistance, and Family Self-Sufficiency, are designed to protect the rights of persons to Fair Housing opportunities. The Citizen and Neighborhood Services department provides information on where and how to file a formal complaint through the Arizona Fair Housing Center, the local HUD office, and the Attorney General's Office.

In 2001 City staff updated the *Analysis of Impediments to Fair Housing Choice* (AI), which was originally completed in February 1996. This analysis provides insight on the current housing practices that exist within the community, and identifies strategies to further our efforts to eliminate existing barriers and prevent future barriers.

To continue efforts of affirmatively furthering Fair Housing, City of Scottsdale staff attends Fair Housing training and workshop seminars on an ongoing basis.

Barriers to Housing Affordability

The City of Scottsdale Housing Board recently completed a study on affordable housing issues within the community. Much of the information that follows is drawn from the findings reached by the Board.

Despite the fact that actual cost of construction in Scottsdale is about the same as the rest of the Valley, there is no question that housing costs more in Scottsdale. According to the 1990 census, the average value of an owner-occupied housing unit in Scottsdale was \$148,358. Overall, the Maricopa County average was \$103,487, making the Scottsdale average 30% higher than the county. So why does housing cost more in Scottsdale? It is a result of three factors:

1. the structure itself on its lot; that is, the physical attributes of the building and lot, floor space, size, location, etc., many of which are covered by local codes;
2. the level of maintenance and repair of the structure; and
3. the level of public and private services available in the neighborhood, including access to jobs.

Scottsdale scores well on all counts. Scottsdale homes and apartments are new, large, and well appointed. The level of maintenance is generally high, especially in the many planned communities, which have maintenance and architectural standards far in excess of that required by Scottsdale. These are standards set by the public demand, not the municipal government. Real estate professionals tell us vacant land costs 20% more in Scottsdale, which reflects the desirability of the community. In addition, the City of Scottsdale provides a high level of governmental services and amenities that also create a desirable place to live.

The 2001 update to the *Analysis of Impediments* found the cost of housing and attitudes of landlords to be factors impacting on housing choice. The Section 8 staff is carrying out landlord outreach and training. The cost of housing in the Valley is slightly below the national average, while the cost of housing in Scottsdale is markedly above. Property values throughout the Valley accelerated this year. Scottsdale's values continue at a higher rate. For a variety of reasons, homebuyers choose to pay more for the advantages of living in Scottsdale. A *Scottsdale Tribune* editorial expresses the dilemma facing Scottsdale, "In some ways, Scottsdale is the victim of its own success... One simply must pay a premium to live here." However... "It

is possible for Scottsdale to maintain its higher quality of life without ignoring the need for affordable housing.”

On July 6, 1999, the City Council adopted an Affordable Housing Strategy with specific implementation steps to preserve and add to the supply of high quality, safe, and affordable owner-occupied and rental housing.

Lead-Based Paint Hazard Evaluation and Assessment

Over 80 percent of all housing built before 1978 contains some lead-based paint. Such paint is usually not a hazard if maintained in good condition. However, if paint is in poor condition or located on child-accessible lead based paint surfaces, it can create health hazards.

The City of Scottsdale Housing Rehabilitation program administers a lead-based paint inspection and risk assessment on every home built prior to 1978 that is being assisted with federal funding. Appropriate measures are taken to mitigate or remove lead-based paint hazards, in accordance to HUD, EPA, and OSHA regulations. Additional actions taken to educate clients about lead-based paint hazards include providing occupants with “Protect Your Family from Lead in Your Home” and “Lead Poisoning and Your Children” brochures published by the EPA; a copy of the lead-based paint inspection and risk assessment report; a risk assessment and lead disclosure summary report; and a reduction completion notice.

The staff that administers the Housing Rehabilitation program has obtained lead-based paint training and EPA certifications. Training and certifications include Lead-Based Paint Inspector, Risk Assessor, and Supervisor. In addition, staff is aggressively recruiting and encouraging rehab contractors to become certified in lead-based paint activities.

Scottsdale Anti-Poverty Efforts

This plan is part of the Annual Action Plan and considers only those identified factors affecting poverty over which the City of Scottsdale may have some control.

Goals, programs, and policies to reduce (or assist in reducing) the number of households with incomes below the poverty line:

The City of Scottsdale has taken measures to expand the use and integration of public service activities for households who are at or below established poverty levels. This is especially true with the emphasis on homeless assistance and transitional housing, as well as evaluation and definition of barriers preventing poverty level households from improving their income status.

There are also two community centers and two senior centers in Scottsdale that provide brokered direct services to low-income people.

Economic development associated with job creation, job skills and expanded work force opportunities, which can be leveraged with available funds, are encouraged. The Job Prep program and the Family Self-Sufficiency program are available to eligible residents.

Coordination of affordable housing with other programs and services for households with incomes below the poverty line:

- One of the greatest coordinated efforts producing services and resources is the Maricopa Consortium. The efforts of Maricopa County, the cities of Scottsdale, Chandler, Gilbert, Glendale, Mesa, Peoria, and Tempe have been combined to produce consolidated projects using HOME funds. The project coordination has extended into other HUD programs, including participation by all consortium

members in state activities. As a result of the consortium development, there is a great deal of interplay with non-profit organizations designated as Community Housing Development Organizations (CHDO) and subrecipients without that designation. This improved coordination at all levels can be directly translated back to participation and partnerships developed in the Maricopa HOME Consortium.

- The City of Scottsdale has taken direct administrative control of the local Section 8 Existing Rental Assistance program.
- This year a City of Scottsdale Council Member and the Human Services Director are directly involved in the Maricopa Association of Government's (MAG) task force to allocate continuum of care funding. The Community Assistance Manager is participating in the MAG Regional Homeless Planning Process Housing Work Group.

Assessment of the extent to which housing policies and programs may reduce (or assist in reducing) households falling at or below the poverty line:

Currently the City of Scottsdale provides assistance to persons at or below the poverty level. Guiding principles have been developed to insure that, to the greatest extent possible, the number of affordable housing units will not be reduced as a result of redevelopment efforts. In addition to services funded from CDBG and HOME funds, the City of Scottsdale also funds, through Scottsdale Cares and the General Fund, a number of additional public service agencies to provide assistance in reducing poverty level households:

Aid to Adoption of Special Kids
AIDS Project Arizona
Area Agency on Aging
Beatitudes Center D.O.A.R.
Body Positive
Camp Fire
Child Crisis Center
Community Legal Services
Concerned Citizens for Community Health
East Valley Addiction Council
Free Arts of Arizona
Jewish Family & Children's Services
Mental Health Association of Arizona
Mesa Community Action Network
New Song Center for Grieving Children
Parents Anonymous of Arizona
Plus 50 Placement Center
PREHAB of Arizona
Recording for the Blind and Dyslexic
Scottsdale-South YMCA
Teen Lifeline

Valley Center of the Deaf

We also coordinate with the following centers to provide assistance in reducing poverty level households:

Civic Center Senior Center

Paiute Neighborhood Center
Via Linda Senior Center
Vista del Camino

Due to the nature of these varied public services and agencies, a constant referral to programs and services originates from the Community Assistance Office. Frequently, due to the expanded activities offered by the Maricopa Home Consortium, these referrals become regional in nature and treat poverty related issues in a much more comprehensive and coordinated manner.

In overview, the interactions with public service agencies, non-profits, developers, and other government agencies are considered as productive and have had the impact of increasing the capacity of programs that jointly reduce poverty level households.

Public Housing Resident Initiatives

The City of Scottsdale has no public housing; however, it does operate a Section 8 Rental Assistance program that serves 607 households.

3.7 Monitoring Plan

FY 2002 CDBG Funding

This CDBG submission provides a detailed description of the activities to be funded and defines, as well as ensures, that project proponents will use these HUD funds for eligible activities only. The proper classification of activities is critical because the CDBG program statutes and regulations place specific requirements on certain activities and not on others. For example, there is a statutory and regulatory limitation on the amount of CDBG funds that may be used for public services. There is a similar limitation on the amount of CDBG funds that may be used for planning and administrative costs.

Monitoring

Scottsdale monitors each funded activity on an ongoing basis as invoices are submitted for reimbursement. On an annual basis, the Grants Accountant performs a risk analysis on all funded activities and determines which activities will receive a desk review and which ones will be monitored on-site at the agency's office.

The proposal and monitoring processes undertake to define the scope of funded activities within the eligibility of the CDBG program. Six steps are involved in the program review and monitoring:

The first step is to determine if the activity is included with the listing of eligible activities in the HUD regulations, as modified by statutory amendments, and can be demonstrated to benefit the residents of Scottsdale.

The second step is to determine if the proposed activity falls within a category of explicitly ineligible activities. For example, while many public facilities are eligible for assistance, there is an explicit statutory and regulatory bar to providing assistance to "buildings for the general conduct of government."

The third, and probably most important, step is a determination if the proposed project meets one of the national objectives of the HUD program:

- Benefiting low and moderate income persons;
- Addressing slums or blight; and
- Meeting a particularly urgent community development need.

The fourth step is to ensure that carrying out the activity with CDBG funds will not result in the award violating the City of Scottsdale's certification that at least 70% of these funds will benefit low/moderate income persons.

The fifth step is to review proposed costs of the activity to determine if it appears to be necessary and reasonable and will otherwise conform with a federal document called "Cost Principles Applicable to Grants and Contracts with State and Local Governments." If a non-profit organization or educational institution is involved, then review of the project in the context of a federal document called "Cost Principles for Non-Profit Organizations" or "Cost Principles of Educational Institutions" is required as applicable.

The sixth step is to review the environmental clearance procedures for the project of which the activity is a part. Law prohibits HUD and the City of Scottsdale from releasing funds for a CDBG activity until the City of Scottsdale meets the responsibility with respect to environmental protection. Generally these six steps are consistent with meeting local Consolidated Plan needs and adopted standards which exercise due diligence in HUD projects oversight. The general activity categories reviewed for meeting needs defined by the Consolidated Plan include:

Acquisition of Real Property

Disposition of Real Property

Public Facilities and Improvements

Privately Owned Utilities (acquisition, rehabilitation, installation)

Clearance

Public Services

Interim Assistance (usually limited improvements as a prelude to permanent improvements)

Relocation

Loss of Rental Income (normally in association with relocation of persons)

Removal of Architectural Barriers

Housing Rehabilitation

Housing Services

Code Enforcement

Historic Preservation

Commercial or Industrial Rehabilitation

Special Economic Development

Special Activities by Subrecipients

Planning and Capacity Building (generally studies, data gathering, preparation of plans and identification of actions that will implement plans)

Program Administration Costs (generally reserved for the city exclusively)

Considering the broad range of activities that may be carried out with CDBG funds and the need for interpretation of the applicability of requirements to many differing factual situations and program types, Scottsdale cannot hope to provide answers to all project review questions about activity eligibility in this brief summary and during monitoring. To avoid potential problems, the City of Scottsdale works closely with the Consortium Participating Jurisdiction and the local area HUD office for clarification when requirements appear unclear and to bring ambiguous situations to that office's attention. A Grants Accountant insures compliance by the City of Scottsdale and its subrecipients.

FY 2002 HOME Funding

The HOME program participation is subject to a regional activity as described in detail by the Maricopa HOME consolidated document. Refer to the Maricopa HOME Consortium Consolidated Plan for detailed monitoring efforts to be undertaken in FY 2002 by all consortium members.

3.8 Public Hearings and Comments

There have been four hearings concerning the Annual Action Plan conducted by the City of Scottsdale, of which all were posted. At all of these meetings, the following was sought:

- Input on affordable housing needs, priorities, and issues.
- Input on homeless needs, priorities, and issues.
- Input on supportive housing needs, priorities, and issues.
- Input on non-housing community development needs, priorities, and issues.

Dates and locations of hearings:

February 4, 2002- Via Linda Senior Center

February 7, 2002 – City Hall Kiva

February 12, 2002 – Indian School Park Sports and Tennis Complex Visitor's Center

April 16, 2002 - City Hall Kiva

The formal comment process commenced on April 8, 2002, and ended May 7, 2002. Copies of the City of Scottsdale Annual Action Plan for FY 2002 were made available at the City of Scottsdale Community Assistance Office, the City of Scottsdale libraries, and the Citizen Service Centers. The public hearing on April 16, 2002, at Scottsdale City Hall, conducted by the City Council, addressed the following items:

- The City of Scottsdale is eligible to receive \$1,143,000 in CDBG resources in the coming fiscal year, plus reprogrammed funds in the amount of \$47,902.82; and such funding will be used to benefit Scottsdale residents who are low and moderate income eligible through various forms of affordable housing assistance and public services.
- Scottsdale residents benefit directly or proportionately from the CDBG investment made in each activity.
- The funded activities are consistent with the Consolidated Plan.
- No activities funded with FY 2002 CDBG resources are anticipated to displace any persons in the community; however, if a funded acquisition or rehabilitation activity results in a project impacting occupied property, the Uniform Relocation Act will be followed.
- A review of the contents of the City of Scottsdale CDBG Annual Action Plan for FY 2002, and solicitation of written or verbal public comments.
- Other actions as needed.

3.9 Certifications

Included in the Appendix are the executed Certifications for the City of Scottsdale for CDBG program year 2002-2003.